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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kingdom Telephone Company and Subsidiary
Auxvasse, Missouri

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Kingdom Telephone Company (a Missouri corporation) and subsidiary as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment; including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management as well as evaluating the overall consolidated financial statement presentation.

We believe that the audit evidence we have obtained and the report of the other auditors, is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Kiesling Associates LLP

West Des Moines, Iowa
April 9, 2013

The accompanying notes are an integral part of these consolidated financial statements.

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KINGDOM TELEPHONE COMPANY
AUXVASSE, MISSOURI

CONSOLIDATED BALANCE SHEETS
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
Temporary investments		
Accounts receivable:		
Due from customers		
Interexchange carriers		
Other		
Prepaid income taxes		
Notes receivable		
Interest receivable		
Materials and supplies at average cost		
Prepayments		
OTHER NONCURRENT ASSETS		
Cellular partnership investments		
Prepayments		
Investment in MNA Holdings, LLC		
Other investments		
Deferred debt issuance costs		
Deferred charges		
Intangibles		
Goodwill		
PROPERTY, PLANT AND EQUIPMENT		
Telephone plant in service		
Video plant in service		
Internet plant in service		
Wireless plant in service		
Other		
Less accumulated depreciation		
Plant under construction		
TOTAL ASSETS	\$	

The accompanying notes are an integral part of these consolidated financial statements.

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KINGDOM TELEPHONE COMPANY
AUXVASSE, MISSOURI

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Local network services		
Network access services		
Long distance services		
Internet, sales and other services		
Miscellaneous revenue		
OPERATING EXPENSES		
Plant specific operations		
Plant nonspecific operations		
Cost of long distance services		
Cost of internet, sales and other services		
Cost of video services		
Depreciation and amortization		
Customer operations		
Corporate operations		
General taxes		
OPERATING MARGINS (LOSS)		
OTHER INCOME (EXPENSE)		
Interest and dividend income		
Gain from disposition of Crossroads Wireless, Inc.		
Other, net		
Gain on sale of assets		
Equity earnings in unconsolidated affiliates		
Interest expense		
MARGINS BEFORE INCOME TAXES		
INCOME TAXES		
NET MARGINS		

The accompanying notes are an integral part of these consolidated financial statements.

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KINGDOM TELEPHONE COMPANY
AUXVASSE, MISSOURI

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended December 31, 2012 and 2011

	<u>2012</u>	2011
Net Margins	\$ [REDACTED]	
Other comprehensive income, net of tax: Post-retirement benefit plans:		
Amortization of actuarial loss and prior service costs	[REDACTED]	
COMPREHENSIVE INCOME	\$ [REDACTED]	

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KINGDOM TELEPHONE COMPANY
AUXVASSE, MISSOURI

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins		
Adjustments to reconcile net margins		
to net cash provided by operating activities:		
Depreciation and amortization		
Deferred income taxes		
Patronage in business conducted with cooperatives		
Patronage distributions received from business conducted with cooperatives		
Equity income in unconsolidated affiliates		
Distributions received from unconsolidated affiliates		
Gain on sale of assets		
Write off Crossroads notes receivable		
Deferred debt issuance costs		
Gain on disposition of Crossroads Wireless		
Unclaimed capital credits		
Changes in assets and liabilities:		
(Increase) Decrease in:		
Receivables		
Materials and supplies		
Prepayments and deferred charges		
Increase (Decrease) in:		
Accounts payable		
Accrued taxes		
Other		
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures		
Purchase of investments		
Proceeds from sale of investments		
Collections of notes receivable		
Salvage, net of cost of removing plant		
Proceeds from sales of assets		
Proceeds from Crossroads Wireless		
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Patronage capital retired		
Excise tax refund		
Other, net		
Net cash used in financing activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year		
Cash and Cash Equivalents at End of Year	\$	

The accompanying notes are an integral part of these consolidated financial statements.